

WAGE REQUIREMENTS LAW

Effective with contracts executed beginning July 1, 2003, the Wage Requirements Law (County Code Section 11B-33A) works to ensure that workers on certain County service contracts receive livable wages. Commonly known as the Living Wage law, the law is an attempt to offset the high cost of living in Montgomery County. The law contains some exceptions to coverage, such as those for small businesses, contracts under \$50,000, tax exempt organizations and bridge contracts, as well as others that deal with less prominent types of contracts. The law requires an annual report on the number of contracts and subcontracts with minority-owned businesses that are subject to the requirements of the law and how that number has changed each year.

In FY13, Office of Business Relations and Compliance (OBRC) received complaints from employees on County's Garage Cleaning contract, accusing that the contractor, CAMCO, Inc. has not been paying the Living Wage to the employees. OBRC worked with the Internal Audit Office, and initiated a wage audit on CAMCO, Inc. in September, 2012. The final audit report is pending at the time this annual report is generated.

Minority, Female and Disabled (MFD) Contracts Subject to the Wage Requirements Law

In accordance with Section 11B-33A (i) of the Wage Requirements Law the tables below contain the number of MFD contracts and subcontracts subject to the Wage requirements Law. For the years reported, FY06 through FY12, MFD participation was relatively consistent. For those contracts ultimately subject to the Wage Requirements Law, those with no vendor-claimed exemption, the average MFD subcontractor participation was 22%, while the median was 21%. For MFD prime contractors, both the average and the median MFD participation was 16%. For prime contractors, the range was from 13% to 19%. The sub-contractors participation ranged from 18% to 22%. Below are the year-by-year breakdowns.

**MFD Contracts and Subcontracts Subject to
the Wage Requirements Law
FY10 — FY15**

	FY10 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	588	47	8%	46	8%
Contracts with a vendor-claimed exception	373	18	5%	7	2%
Contracts operating under the Wage Requirements Law	215	29	13%	39	18%

	FY11 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	673	47	7%	41	6%
Contracts with a vendor-claimed exception	483	11	2%	7	1%
Contracts operating under the Wage Requirements Law	190	36	19%	34	18%

	FY12 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	615	66	11%	80	13%
Contracts with a vendor-claimed exception	361	18	5%	6	2%
Contracts operating under the Wage Requirements Law	254	48	19%	74	29%

	FY13 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	641	75	12%	117	18%
Contracts with a vendor-claimed exception	384	22	6%	9	2%
Contracts operating under the Wage Requirements Law	257	53	21%	108	42%

	FY14 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	413	67	16%	32	8%
Contracts with a vendor-claimed exception	244	18	7%	3	1%
Contracts operating under the Wage Requirements Law	169	49	29%	29	17%

	FY15 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	659	97	15%	49	7%
Contracts with a vendor-claimed exception	385	27	8%	3	1%
Contracts operating under the Wage Requirements Law	274	70	26%	46	17%

Vendor-Claimed Exceptions to the Wage Requirements Law

The Wage Requirements Law allows for exceptions based on the characteristics of the vendor's business. The County began compiling this information in FY 06

	FY10	FY11	FY12	FY13	FY14	FY15
Contracts subject to Wage Requirements Law ¹	588	673	615	641	413	659
Contracts with a vendor-claimed exception	373	483	361	384	244	385
Contracts operating under the Wage Requirements Law	215	190	254	257	169	274
Reason 1	119	72	47	37	0	0
Reason 2	63	234	161	179	169	265
Reason 3	4	6	8	6	3	7
Reason 4	118	72	99	140	68	107
Reason 5	0	0	0	0	0	0
Reason 1,2	56	87	44	14	0	0
Reason 1,4	9	6	1	3	0	0
Reason 2,4	3	4	1	5	3	4
Reason 1,2,4	1	1	0	0	0	0
OCA Waiver	0	1	0	0	1	2
Total	373	483	361	384	244	385

¹ Section 11B-33A (b) of the County Code permits vendors to claim exceptions to the Wage Requirements Law. They are listed on the

Wage Requirements Certification form as follows:

Reason 1 - Vendor employs fewer than 10 employees. (Repealed effective April 1, 2010.)

Reason 2 - Vendor has received less than \$50,000 in the last 12 months and will receive less than \$50,000 in the succeeding 12 months.

Reason 3 - Vendor is a public entity.

Reason 4 - Vendor is a nonprofit organization under section 501(c)(3) of the Internal Revenue Code.

Reason 5 - Vendor is expressly precluded from complying with the Wage Requirements Law by the terms of any federal or state law, contract or grant.